STATE OF CALIFORNIA EDMUND G. BROWN JR., *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

December 28, 2011

Debra Gallo, Director, Government & State Regulatory Affairs
Southwest Gas Corporation
P.O. Box 98510 LVA-105
Las Vegas, NV 89193-8510

CPUC File No. GA2011-09

SUBJECT: General Order 112-E Audit of Southwest Gas Tahoe/Truckee Districts 14, 15, and 16

Dear Ms. Gallo,

On behalf of the Gas Safety and Reliability Branch of the California Public Utilities Commission Kevin Boles, Isaiah Larsen, and I conducted a General Order (GO) 112-E audit of Southwest Gas Tahoe/Truckee District 14, 15, and 16 during June 20-24, 2011. The audit included a review of your computerized records for the years of 2009 and 2010.

During the audit we identified violations of CFR 49, Part 192. A copy of the inspection summary itemizing the results is enclosed. Within 30 days from the date of this letter, please respond to the comments itemized in this report.

If you have any questions, please contact me at (916) 928-5875.

Sincerely,

Ivan Garcia
Utilities Engineer
Utilities Safety and Reliability Branch
Consumer Protection and Safety Division

cc: Jerry Schmitz, Southwest Gas Corporation, Vice President, Engineering
Jim Mathews, Southwest Gas Corporation, Administrator/Compliance, Engineering Staff
Dennis Lee, CPUC-GSRB, Senior Utilities Engineer Supervisor

Areas of Violation:

1. 49CFR §192.201:section (a)(2)(i), Required capacity of pressure relieving and limiting stations

   "Each pressure relief station or pressure limiting station or group of those stations installed to protect a pipeline must have enough capacity, and must be set to operate, to insure the following."

   "If the maximum allowable pressure is 60 psi (414 kPa) gage or more, the pressure may not exceed the maximum allowable operating pressure that produces a hoop stress of 75 percent of SMYS, whichever is lower;"

   During the field portion of the audit, we identified two regulator stations that did not lockup as required and exceeded MAOP plus 10% of the outlet pressure. The regulator stations at New Black Bart in South Lake Tahoe and Glenshire in Truckee both failed to lockup as required and had pressures that exceeded 66 psi. The downstream MAOP for New Black Bart is 60 psi. The highest lockup pressure recorded was approximately 68 psi. The downstream MAOP for Glenshire is 60 psi. The highest lockup pressure recorded was approximately 71 psi.

   Southwest Gas (SWG) crew members identified the problem and were able to complete repairs of the regulator stations as shown on work requests #1354407 and #1321106 on June 23, 2011 and June 24, 2011 respectively. As a result of the repairs, SWG was able to lockup both regulator stations at the appropriate pressure set points.

Areas of Concern:

1. We identified a record keeping issue in which SWG does not clearly identify stand-alone galvanic pipe sections in their annual pipe-to-soil maintenance. This is more of a problem in Area 16, South Lake Tahoe, due to the recent purchase of Avista Utilities, but is also found throughout areas 14 and 15 as well. According to SWG Standard, 5.4.1, Cathodic Protection Criteria, Voltage Requirements Table, if cathodic protection systems that are stand-alone galvanic (with no impressed current) have a pipe-to-soil potential more negative than -1.750 volts, further investigation is required. In reviewing the pipe-to-soil annual records, we were unable to identify which cathodic protection systems were stand-alone galvanic pipe sections. We could not identify whether they were more negative than -1.750 volts and if they needed further investigation. Please explain how SWG determines the sections of pipeline in its system are stand-alone galvanic sections of pipeline.

2. During the field portion of the audit, we identified a low cathodic protection read of -0.835 mV at valve location STC-106-A, Lake Tahoe Blvd and Midway Road. SWG was aware of the issue and identified it as an Unusual Operating Condition (UOC). In your response letter, please update us on this existing issue and SWG plan to correct the UOC.